



For Immediate Release:
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Contact: Jonathan Godfrey
(202) 226-6888

Conyers Questions Ward Connerly's Compensation

Congressman John Conyers, Jr., (D-MI), ranking Member of the House Judiciary Committee, issued the following statement regarding Michigan's affirmative action opponent, Ward Connerly's, compensation:

"Today, I have asked the IRS to investigate the excessive pay Ward Connerly received from his two tax-exempt nonprofits. Last year, Mr. Connerly was paid a \$1 million for a mere 30 hours of work per week. This compensation package - that well exceeds the national average - raises more than a red flag. The IRS rules could not be clearer that a non-profit's purpose is not to pad the pockets of its executives."

Below is the text of the letter to the IRS:

We respectfully request that you inquire into possible excessive compensation practices by the American Civil Rights Institute, a 501(c)(3) tax exempt organization, and the American Civil Rights Coalition, a 501(c)(4) tax exempt organization, relating to payments made to the organizations' president, Ward Connerly. The following information is based on analyses by the staff of Congressman Conyers, based on public information filed with the Internal Revenue Service (IRS) in recent Forms 990s, that suggest that he and the organizations he directs may have violated tax Code section 4958 regarding excessive compensation.

Section 4958 prohibits the payment of excessive compensation to employees of tax exempt organizations, and requires special taxation rates for any "excess benefit transaction." Section 4958(c) provides that an excess benefit transaction is "any transaction in which an economic benefit is provided by an applicable tax-exempt organization directly or indirectly to or for the use of any disqualified person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit..." Section 4958(f) defines a "disqualified person" as a person "who was, at any time during the five year period ending on the date of such transaction, in a position to exercise

substantial influence over the affairs of the organization ..." Forms 990s filed by the American Civil Rights Institute and the American Civil Rights Coalition identify Mr. Connerly as their "chairman."

Mr. Connerly's compensation, when including amounts treated as expenses, raises questions about use of the organizations' funds. It appears that he may have been paid amounts far greater than the value of any services he may have rendered. (The publication, "The Non-Profit Times" reported, in its February 1, 2006 Special Report -2006 Salary Survey, that the average salary for executive directors of non-profit organizations who responded to their survey was \$100,118. The highest reported salary was \$511,000.) The Form 990 Schedule A for the American Civil Rights Institute in 2003 reports that Mr. Connerly's salary was \$249,230 plus expense account payments of \$751,066. This is \$1,000,296 in payments to him for his reported average of 30 hours of work per week. Similar payments were made in the preceding three tax years. Enclosed is a chart, prepared by Congressman Conyers' staff, which provides a comparative analysis of amounts Mr. Connerly reported to the IRS as having received from 1997-2004.

There are many unanswered questions surrounding information on these organizations' Forms 990s filed with the IRS, including the manner in which Mr. Connerly has received payments from a tax-exempt charity and a tax-exempt lobbying organization. We request that you validate the purpose for which reported compensation and expenses were paid to ensure that the current law tax rules have been met.

When information such as this comes to our attention, we feel that your office should be advised. Accordingly, we submit this letter to the Exempt Organization Division experts for appropriate consideration and follow up.

Sincerely,

John Conyers, Jr.
Member of Congress

Charles B. Rangel
Member of Congress

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